THE AMERICAN UNIVERSITY IN CAIRO | SCHOOL OF BUSINESS
EXECUTIVE EDUCATION

Marketing Healthcare Centers & Hospitals

Session 4

Buyer Behavior / Consumer Decision Making

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Buyer Behavior / Consumer Decision Making

Decision Making Model

Alternative Decision –Making Sequence

Psychological Influences on Decision Making

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Buyer Behavior

The basic purpose of marketing is to meet the needs of consumers.

Central to effective marketing strategy then, is to understand how consumers make the decision to buy a product, select a doctor, or join a health plan.

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Decision Making Model

The consumer decision –making / Buyer behavior process can be represented in six stages :

(1) **Problem Recognition**

(2) **Internal Search**

(3) **External Search**

(4) **Alternative Evaluation**

(5) **Purchase**

(6) **Post Purchase Evaluation**

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Step 1. Problem Recognition

Internal Stimuli :

increased weight

Buyer Recognizes a Problem or a Need Arising From:

External Stimuli:

Friends

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1.Problem Recognition

The stage of problem recognition is where the consumer perceives a difference between the desired and actual state and is motivated to try to close this gap.

Example: a consumer begins to notice that he always has difficulty getting an appointment with his physician.

This recognition might motivate the individual to explore alternative sources of medical care and seek another physician.

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2.Internal Search

After recognizing the existence of a problem, the consumer often engages in an internal information search, seeking a solution to the perceived problem.

In this example, the individual will try to determine what he knows, or remembers, other possible physicians, either those whom he has heard about or those he recalls seeing.

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Internal Search

When Internal search doesn't produce an alternative to solve the recognized problem, the consumer may engage in external search.

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3.External Search

An external information search involves seeking information from one or more sources when internal search is insufficient.

These sources can be media in the form of advertisements, personal sources, such as friend or salespersons, public sources such as government data.

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Information Search

- Role of marketer:

To determine which information sources will be most influential

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4.Alternative Evaluation

The **fourth** stage of the consumer decision making process is **alternative evaluation** where the consumer **compares the various choices** that may best meet the individuals needs.

In this stage ,the consumer determines the **criteria for judging the alternative** products or services . These are termed the **evaluative criteria**.

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Alternative Evaluation

Consumers can use **tangible** and **intangible** criteria.

Tangible criteria might include the **cost** of joining a particular health plan or **the performance** of a particular hospital or medical group.

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Alternative Evaluation

- An **Intangible criterion** might be the way a particular physician office feels when you walk in for an appointment.

- Intangible criteria can include the office's ambience; the way the patient is greeted by the receptionist; the wait time to get an appointment, and the time the clinicians spends with the patient.

- **Role of marketer:**

To understand **the criteria** patients use in comparison.

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5.Purchase

At this stage, the consumer makes the purchase, selecting one brand or alternative over the others.

The decision at this stage may involve final determinations as to when to purchase or, in the case of certain products, how much to purchase.

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5. Purchase Decision

- Role of marketer:

To make sure that the purchase decision is easy through availability (AM-PM), customer service…. .

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6.Post-Purchase Evaluation

- Be aware that the consumers decision making process does not end at the stage of purchase decision.
- Upon choosing a particular product or service, the consumer spends some time evaluating that choice.
- Favorable evaluations might ultimately lead the consumer to repurchase or endorse the product or service.

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Post -Purchase Evaluation

- The importance of the post purchase evaluation has led many health care organizations to measure the satisfaction of their patients or their referral sources.

(e.g. : post discharge survey)

- Satisfaction is measured, then as a confirmation or disconfirmation of the consumers expectations regarding the performance of the chosen product or service.

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Post -Purchase Evaluation

By measuring consumer post purchase satisfaction, a health care organization can focus management attention on areas of service that need improvement. (Post discharge report)

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Post Purchase Evaluation

- Role of marketer:

-Follow up

-Feedback

-After sale service

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Alternative Decision Making Sequences

Not every situation in which the consumer is required to make a choice involves these sequence of steps.

Several alternative decision situations modify the model previously described.

Decision making varies as a function of how involved the consumer is with the decision.

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Alternative Decision Making Sequences

High involvement :

product or the service purchases tend to be those that represent risk (selection of a surgeon), significant cost (choice of a health plan), or social implications (the clubs or associations joined).

Low involvement :

product purchases are not very important to the consumer or represent little risk / cost.

Low Involvement shows a second dimension of search that refers to the degree of efforts the consumer expends in moving from internal to external search and the extensiveness of that external search.

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Alternative Decision Making Sequences

1.Routine decision making

The routine decision making situation involves repetitive purchasing.

In these instances, there is often little difference between competing market alternatives, routine decision making can involve both high and low involvement.

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Alternative Decision Making Sequences

Routine decision making

In health care the patient has developed loyalty to the provider (Physician ,medical organization or center). (e.g. same family Gynecologist, Dentist)

In product marketing, this situation is referred to as brand loyalty to the provider, in which the consumer regularly chooses the same product or service to fulfill a recognized need.

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Alternative Decision Making Sequences

2.Complex Decision Making

Complex decision making situations in which there is high involvement and extended search.

This scenario might well arise **in health care** situations.

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Alternative Decision Making Sequences

Complex Decision Making

-A patient facing major surgery might decide to consult with a couple of physicians for their recommendations.

-The patient might also research any available data on mortality and morbidity statistics as they apply to particular hospitals and physicians.

-The individual might also ask friends or family for their insights as to places to go for treatment.

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Alternative Decision Making Sequences

3.Limited Decision Making

Involves search in low involvement situations.

In traditional product marketing, this occurs when the consumer seeks variety or engages in impulse purchasing brand.

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Alternative Decision Making Sequences

Limited Decision Making

- In health care, this situation often occurs when consumers buy over the counter pharmaceutical products.

- The consumer is not particularly tied to one brand and sees little real risk in choosing an alternative.

- After using one particular cold remedy, an individual might decide to explore alternatives to seek a more effective

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Psychological Influences on Decision Making

A variety of personal, psychological factors affect a consumers decision –making process.

To market effectively to consumers, it is useful to know these elements : motivation, attitudes, lifestyle, learning, and perception.

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Psychological Influences on Decision Making

Motivation

One of the most well known models regarding motivation is **Maslow's Hierarchy** of needs shown.

Maslow developed this framework to help , explain individual behavior and the differences in behavior might best be explained by understanding where an individual is in terms of this hierarchy.

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Psychological Influences on Decision Making

Motivation- Maslow's Hierarchy

The needs at the lower end of the pyramid

(e.g. physiological, safety) are the most basic.

As a consumer begins to satisfy these needs, higher order needs such as self-esteem or self actualization begin to be addressed .

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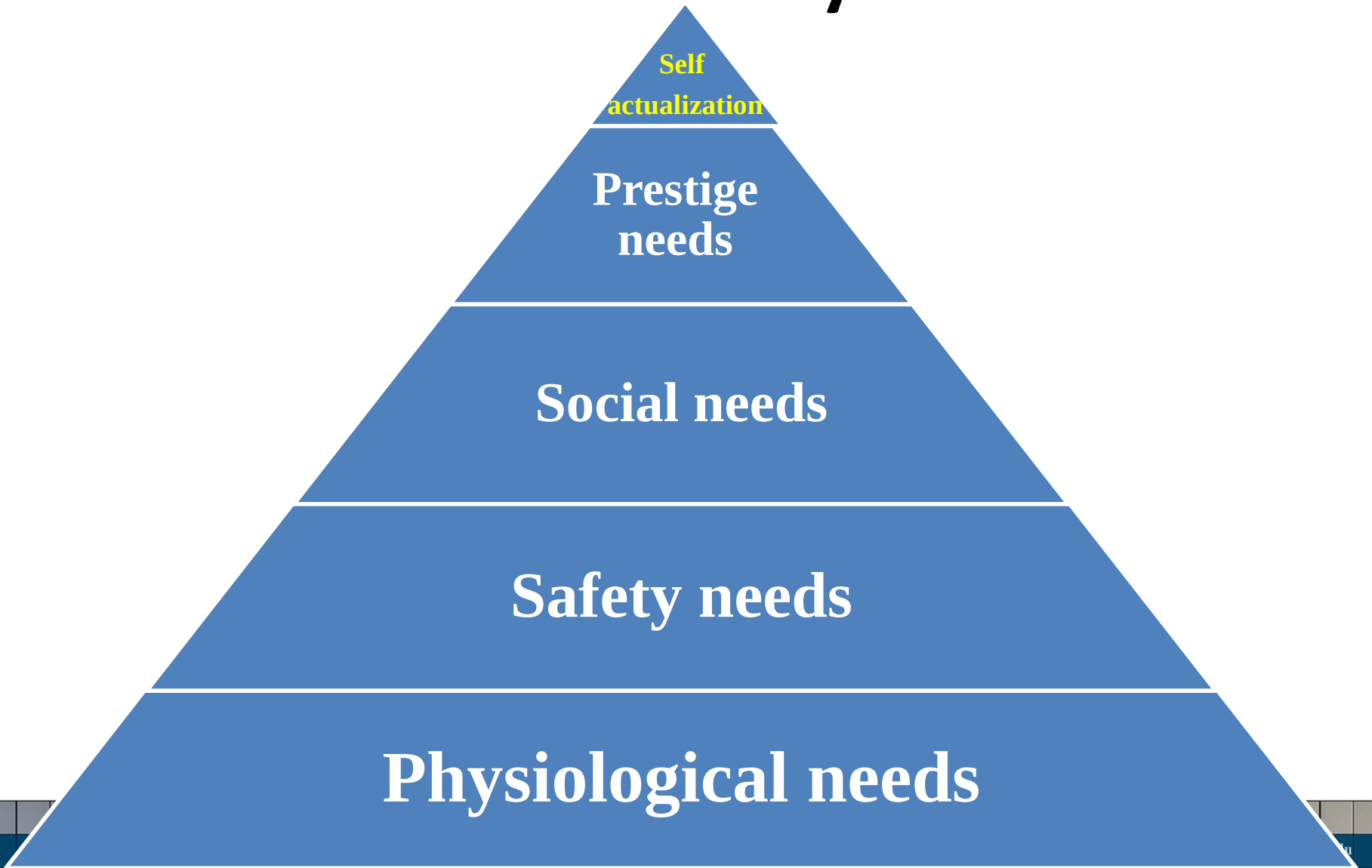
Maslow's Hierarchy of Needs



What Are Attitudes?

- When I say " I like my job" I am expressing my attitude about work.

- **Attitudes are** Evaluative statement - either favorable or unfavorable - concerning objects, people , or events.

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Attitudes are Learned?

- We are not born with attitudes
- Attitudes relative to purchase behavior are formed as a result of:

1. Direct experience with the product
2. Word-of-mouth
3. Exposure to mass media

- Attitudes are not synonymous with behavior

(like & dislike vs what you are doing)

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Attitudes Occur Within a Situation!!

- How attitudes affect behavior….. depends on the situation in which the behavior occurs
- Thus a specific situation may cause consumers to behave in ways that are inconsistent with their attitudes .
- From a marketer's perspective, it is important to consider the *situation* in which the behavior takes place, or one might misinterpret the relationship between attitude and behavior

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Attitude

- Measuring customer attitudes toward a product or service is not necessarily a measure of purchase intention
- A consumer may have a favorable attitude toward the Mayo clinic but may not seek treatment there for a variety of reasons for example travel inconvenience or insurance restrictions

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Psychological Influences on Decision Making

Lifestyle

Lifestyle is an important aspect affecting a consumers decision making process.

Lifestyle is the manner in which people live as demonstrated by how they spend their time, what they think ,and the interests they have.

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Psychological Influences on Decision Making

Learning

-Learning involves the changes in a persons behavior as a result of past experiences e.g. signs, responses, and reinforcement (strengthens or encourages something regarding behavior)

-Learning theory also includes two other aspects that are useful in marketing namely generalization & discrimination.

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Psychological Influences on Decision Making

Learning

Generalizations :

Are the extensions of past reinforced behavior.

Example: A female patient who has had a positive experience in the birthing center of a hospital ,might generalize that positive level of care to other clinical programs in the same facility.

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Psychological Influences on Decision Making

Learning

Discrimination:

The ability to determine differences between stimuli.

- A consumer who has had an unsatisfactory experience during one inpatient stay might, from this past reinforcement, be able to discriminate better when having a similar experience with another provider.

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What Is Perception?

- It is the process by which people: select ,organize and interpret stimuli into a meaningful picture
- "How we see the world around us"
- Two individuals may be exposed to the same stimuli but recognize, select, organize and interpret them differently based on their own needs, values and expectations

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What Is Consumer Perception?

- Consumer perceptions are vital to marketers and often underlie the success or failure of products in the marketplace

- In order to understand how perception affects the marketing process, we need to understand some of the basic concepts that underlie the perceptual process

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Perceived Risk (Risk)

-It is defined as the concerns and anxieties a consumer anticipates regarding a product or a service purchase

-It depends on the product profile, expensive or complex products

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Types of Perceived Risk

1-Performance risk Will the product function properly?
Guarantees, money back,

2-Financial risk Can I afford it, is it good value?
Emphasise value for money, quality ,

3-Physical risk Will the product harm me or other people?
Emphasise safety

4-Ego risk Will this product make me feel good about myself?
Aspiration group ,

5-Social risk Will this impress friends or colleagues? e.g. cosmetics
Suggest psychological rewards,

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How to Minimise Perceived Risk ?

- To minimise risks associated with purchasing new products & brands, companies employ methods that encourage trust & satisfy need for reassurance

  (e.g., less well-known brands will offer lengthy warranties).

  (PR can be used to gain credibility.)
- Celebrity endorsement, the approvals of opinion formers & visual demonstration of the product/service in action are all important communication methods to minimise perceived risk.
- Branding is one of the main methods.

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Healthcare perceived risk

- For certain services such as mental, addiction and sexual dysfunction clinics , there may be perceived social risk
- For marketers of these services strategies must be developed to reduce the perceived risk
- Confidentiality

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Socio Cultural Influences

Reference Group

A reference group is a group that influences an individuals thoughts or behaviors.

Reference group influence is most significant when use of the product or service is visible to the group.

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Reference Groups : Types

1-Primary:Informal

Friends
Colleagues
Relatives

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Reference Groups : Types

2-Secondary:Formal

- A doctor may try to seek an formal consultation from the medical syndicate about the best type of any medical equipment he is going to buy
- GPs
- Family doctor
- Labs
- Pharmacies
- Medical reps
- Hospital employees (nurses)

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Reference Groups : Types

3-Aspirational

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